

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 ACDA-05 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 AEC-05 CU-02 NIC-01 SAJ-01 /071 W

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R 231642Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7453

INFO AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMEMBASSY BUCHAREST

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EEWT, GW, HU

SUBJECT: FRG ECONOMIC COOPERATION WITH HUNGARY:

WISCHNEWSKI VISIT

REF: BUDAPEST 0181

1. SUMMARY. EMBOFF DISCUSSED ECONOMIC ASPECTS OF WISCHNEWSKI VISIT TO HUNGARY WITH FOREIGN OFFICE CONTACT. HE REPORTED THAT THE HUNGARIANS PRESSED WISHNEWSKI WITHOUT SUCCESS ON A NUMBER OF TRADE, FINANCE, AND INDUSTRIAL COOPERATION ISSUES THAT HAD NOT BEEN RESOLVED TO HUNGARY'S LIKING WHEN THE FRG-HUNGARY ECONOMIC COOPERATION AGREEMENT WAS SIGNED LAST NOVEMBER. END SUMMARY.

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2. EMBOFF CALLED ON RUDOLPH, ECONOMIC DESK OFFICER

FOR HUNGARY IN FOREIGN OFFICE, TO DISCUSS PURPOSE AND RESULTS OF STATE SECRETARY WISCHNEWSKI'S VISIT JANUARY 10-12 TO BUDAPEST. RUDOLPH CHARACTERIZED THE TRIP AS MORE OF A SOCIAL VISIT THAN WORKING TRIP, AND INDICATED THAT ECONOMIC TOPICS DID NOT RECEIVE HEAVY ATTENTION.

3. THE HUNGARIANS DID USE THE OCCASION, HOWEVER, TO AGAIN PRESS THE FRG ON A NUMBER OF ECONOMIC QUESTIONS. IN THE TRADE FIELD, THEY AGAIN ASKED FOR FURTHER LIBERALIZATION OF QUOTAS ON BEEF, TEXTILES, LEATHER GOODS, AND FOOTWEAR, AND FOR MEASURES TO REDUCE THE \$250-300M TRADE IMBALANCE. WISCHNEWSKI REPLIED THAT TARIFF AND QUOTA MATTERS WERE NOW HANDLED BY THE EC COMMISSION AND THEREFORE THE FRG WAS NOT IN A POSITION TO UNILATERALLY GRANT SUCH REQUESTS. RUDOLPH ADDED THAT APPROXIMATELY 93 PERCENT OF HUNGARIAN EXPORTS TO THE EC WERE ALREADY EXEMPT FROM QUOTAS AND THAT FURTHER CONCESSIONS WOULD PROBABLY BE MADE SOON IN RECOGNITION OF HUNGARY'S TRADE IMBALANCE WITH THE EC. THE FOUR COMMODITIES MENTIONED BY THE HUNGARIANS, HOWEVER, COULD NOT BE CONSIDERED AT THIS TIME DUE TO THE DAMAGING IMPACT QUOTA REMOVAL WOULD HAVE ON EC PRODUCTION.

4. THE GOH ALSO REITERATED ITS CASE FOR \$3.5 BILLION IN CREDITS FOR THE NEXT FIVE-YEAR PLAN. WISCHNEWSKI REPLIED THAT THE FRG HAD NO MECHANISMS TO PROVIDE ASSISTANCE OF THIS TYPE. RUDOLPH NOTED THAT THE HUNGARIANS USED KUWAIT'S RECENT LOAN OF \$40 MILLION TO HUNGARY AS LEVERAGE WITH WISCHNEWSKI, BUT WITHOUT SUCCESS.

5. ANOTHER TOPIC OF DISCUSSION CONCERNED FURTHER OPPORTUNITIES FOR INDUSTRIAL COOPERATION BETWEEN THE TWO COUNTRIES. OVER 150 GERMAN FIRMS HAVE ALREADY LAUNCHED COOPERATIVE EFFORTS IN HUNGARY, BUT THE HUNGARIANS REPORTEDLY WANT MORE LARGE FIRMS AND WOULD LIKE TO SEE THE GERMAN GOVERNMENT PLAY A LARGER ROLE IN ENCOURAGING COOPERATIVE VENTURES. WISCHNEWSKI LIMITED OFFICIAL USE

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RESISTED THE IDEA OF GREATER GERMAN GOVERNMENT INVOLVEMENT, BUT ADDED THAT THE FAVORABLE CLIMATE FOR COOPERATIVE VENTURES IN HUNGARY WOULD UNDOUBTEDLY ATTRACT MANY MORE GERMAN FIRMS IN THE YEARS AHEAD.

6. RUDOLPH, NOTING THAT THE TALKS ENDED ON A CORDIAL NOTE IN SPITE OF HUNGARY'S LACK OF SUCCESS ON ECONOMIC QUESTIONS, THEORIZED THAT THE HUNGARIANS DIDN'T REALLY

EXPECT TO GET VERY FAR ANYWAY.
HILLENBRAND

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